

TUOLUMNE COUNTY ECONOMIC FORECAST

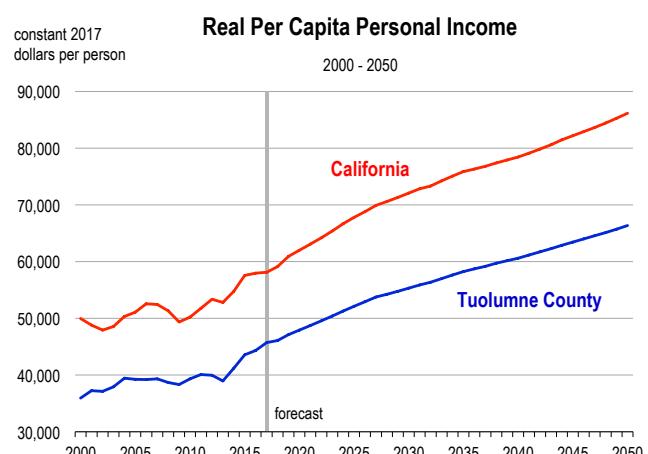
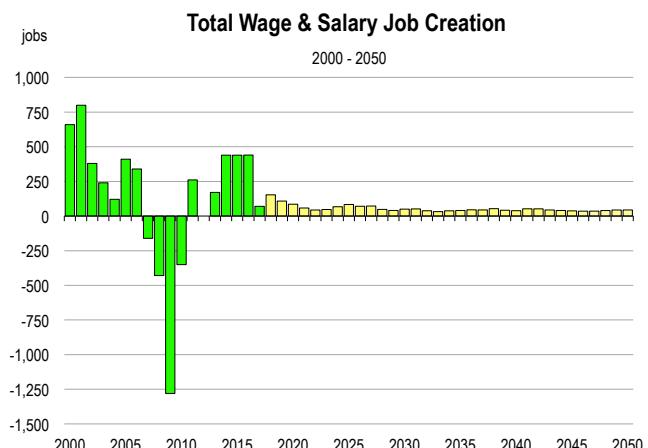
The Tuolumne County economy is expanding slowly. In 2017 it generated only 70 new jobs, representing growth of 0.4 percent. By comparison, the entire California economy created jobs at a rate of 2.0 percent. The best performing industries in Tuolumne County were leisure services, professional business services, and healthcare. Jobs were lost in transportation and warehousing, retail, and government.

The Tuolumne County unemployment rate continues to improve, falling from 6.2 percent in 2016 to 5.4 percent in 2017. The county has now reached a “full employment” scenario, meaning that almost everyone who wants a job already has a job. Under such conditions, job creation is expected to decelerate, and further improvements in the unemployment rate will be minimal.

Tuolumne County’s population has been declining for most of the last decade. Net migration has been stagnant, with an equal number of people moving into the county as those moving out. At the same time there have been more deaths in the county than births, causing the population to shrink. Tuolumne County has an old population base, with more residents at retirement age than in the typical childbearing years. This dynamic will lead to further population decline, placing the economy at risk of long-term stagnation. Stagnant economies are often characterized by subpar job creation, income growth, and government revenues, preventing living conditions from improving and making it difficult for local governments to provide adequate public services.

FORECAST HIGHLIGHTS

- Total wage and salary employment will grow slowly over the forecast period. Between 2018-2023, growth is expected to average 0.4 percent per year.
- Average salaries are currently below the California State average, and will remain so over the forecast period. In Tuolumne County, inflation-adjusted salaries are expected to rise by 1.7 percent per year between 2018 and 2023, which will be similar to statewide growth.
- Between 2018 and 2023, the majority of all employment growth will occur in the government sector. This industry will account for 73 percent of net job creation in the county.
- The county population is expected to decline by 0.4 percent per year between 2018 and 2023.
- Net migration will be positive over the forecast horizon, but will be very low. Over the 2018-2023 period, an average of 37 net migrants are expected to enter the county each year. Deaths will continue to outnumber births, reducing the population by approximately 260 residents each year.
- Very few new homes will be built between 2018 and 2023, with an average of 61 new homes breaking ground each year.



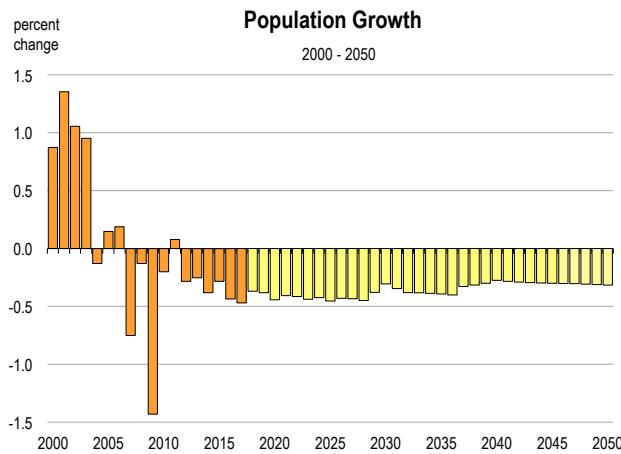
Tuolumne County Economic Forecast

2010-2017 History, 2018-2050 Forecast

| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (millions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|---|---------------------------------------|---|-------------------------------------|
| 2010 | 55,147 | 13 | 74.8 | 22.2 | 57 | \$0.53 | \$1.87 | \$39,329 | 1.3 | 22.5 | 272.9 | 15.2 |
| 2011 | 55,190 | 203 | 74.3 | 22.2 | 46 | \$0.58 | \$1.96 | \$40,082 | 2.7 | 24.4 | 330.4 | 14.5 |
| 2012 | 55,033 | 0 | 72.6 | 22.2 | 36 | \$0.59 | \$1.99 | \$39,979 | 2.7 | 24.9 | 292.8 | 13.0 |
| 2013 | 54,894 | 0 | 74.7 | 22.1 | 30 | \$0.61 | \$1.97 | \$38,967 | 2.3 | 24.5 | 304.2 | 10.8 |
| 2014 | 54,684 | 0 | 75.7 | 22.2 | 56 | \$0.62 | \$2.11 | \$41,197 | 2.8 | 31.2 | 292.1 | 8.7 |
| 2015 | 54,529 | 0 | 76.9 | 22.1 | 49 | \$0.65 | \$2.26 | \$43,566 | 2.6 | 29.4 | 268.0 | 7.1 |
| 2016 | 54,291 | 0 | 78.9 | 22.3 | 34 | \$0.70 | \$2.34 | \$44,322 | 3.1 | 28.5 | 266.3 | 6.2 |
| 2017 | 54,036 | 0 | 78.0 | 22.2 | 77 | \$0.73 | \$2.47 | \$45,726 | 3.2 | 28.8 | 266.2 | 5.4 |
| 2018 | 53,837 | 59 | 78.2 | 22.3 | 56 | \$0.75 | \$2.55 | \$46,093 | 3.7 | 28.9 | 278.3 | 4.9 |
| 2019 | 53,631 | 53 | 78.0 | 22.4 | 41 | \$0.78 | \$2.66 | \$47,127 | 3.1 | 28.9 | 274.8 | 4.6 |
| 2020 | 53,394 | 21 | 77.8 | 22.4 | 69 | \$0.82 | \$2.79 | \$47,917 | 4.1 | 28.9 | 279.7 | 4.7 |
| 2021 | 53,176 | 42 | 77.4 | 22.5 | 62 | \$0.86 | \$2.90 | \$48,738 | 3.6 | 29.0 | 284.5 | 4.9 |
| 2022 | 52,956 | 39 | 76.9 | 22.5 | 67 | \$0.89 | \$3.02 | \$49,571 | 3.5 | 29.0 | 287.9 | 5.1 |
| 2023 | 52,724 | 28 | 76.4 | 22.6 | 65 | \$0.92 | \$3.14 | \$50,421 | 3.4 | 29.0 | 293.7 | 5.3 |
| 2024 | 52,500 | 38 | 75.9 | 22.6 | 63 | \$0.96 | \$3.26 | \$51,299 | 3.3 | 29.0 | 299.3 | 5.5 |
| 2025 | 52,262 | 24 | 75.5 | 22.7 | 65 | \$0.99 | \$3.37 | \$52,126 | 3.1 | 29.0 | 304.3 | 5.6 |
| 2026 | 52,037 | 38 | 75.1 | 22.7 | 62 | \$1.03 | \$3.49 | \$52,931 | 3.1 | 29.0 | 309.3 | 5.6 |
| 2027 | 51,811 | 40 | 74.7 | 22.8 | 66 | \$1.07 | \$3.60 | \$53,756 | 3.0 | 29.0 | 313.5 | 5.6 |
| 2028 | 51,579 | 34 | 74.3 | 22.8 | 66 | \$1.10 | \$3.71 | \$54,231 | 3.3 | 29.0 | 318.9 | 5.6 |
| 2029 | 51,383 | 71 | 73.9 | 22.9 | 66 | \$1.14 | \$3.82 | \$54,762 | 3.1 | 29.1 | 324.2 | 5.6 |
| 2030 | 51,226 | 109 | 73.5 | 23.0 | 77 | \$1.17 | \$3.93 | \$55,309 | 3.0 | 29.1 | 329.6 | 5.6 |
| 2031 | 51,049 | 88 | 73.0 | 23.0 | 85 | \$1.21 | \$4.04 | \$55,897 | 2.9 | 29.1 | 335.4 | 5.6 |
| 2032 | 50,855 | 69 | 72.7 | 23.1 | 79 | \$1.26 | \$4.15 | \$56,374 | 3.1 | 29.1 | 341.4 | 5.6 |
| 2033 | 50,660 | 68 | 72.3 | 23.1 | 74 | \$1.30 | \$4.26 | \$57,018 | 2.7 | 29.1 | 347.2 | 5.6 |
| 2034 | 50,464 | 66 | 72.0 | 23.2 | 74 | \$1.34 | \$4.38 | \$57,634 | 2.9 | 29.1 | 353.1 | 5.6 |
| 2035 | 50,266 | 64 | 71.7 | 23.3 | 73 | \$1.38 | \$4.51 | \$58,241 | 3.0 | 29.1 | 359.3 | 5.6 |
| 2036 | 50,064 | 62 | 71.5 | 23.3 | 72 | \$1.43 | \$4.64 | \$58,726 | 3.4 | 29.2 | 365.8 | 5.6 |
| 2037 | 49,900 | 100 | 71.4 | 23.4 | 73 | \$1.48 | \$4.79 | \$59,171 | 3.5 | 29.2 | 372.5 | 5.6 |
| 2038 | 49,743 | 107 | 71.4 | 23.4 | 82 | \$1.52 | \$4.94 | \$59,702 | 3.3 | 29.2 | 379.5 | 5.6 |
| 2039 | 49,593 | 115 | 71.4 | 23.5 | 84 | \$1.57 | \$5.10 | \$60,156 | 3.5 | 29.2 | 386.8 | 5.6 |
| 2040 | 49,457 | 128 | 71.4 | 23.6 | 86 | \$1.62 | \$5.25 | \$60,612 | 3.4 | 29.2 | 394.2 | 5.6 |
| 2041 | 49,317 | 125 | 71.5 | 23.7 | 89 | \$1.66 | \$5.41 | \$61,145 | 3.2 | 29.2 | 402.0 | 5.6 |
| 2042 | 49,174 | 123 | 71.8 | 23.7 | 88 | \$1.71 | \$5.57 | \$61,704 | 3.1 | 29.3 | 410.1 | 5.6 |
| 2043 | 49,029 | 122 | 71.9 | 23.8 | 88 | \$1.76 | \$5.73 | \$62,274 | 3.0 | 29.3 | 418.2 | 5.6 |
| 2044 | 48,883 | 120 | 72.1 | 23.9 | 87 | \$1.80 | \$5.88 | \$62,893 | 2.8 | 29.3 | 426.4 | 5.6 |
| 2045 | 48,736 | 119 | 72.3 | 23.9 | 86 | \$1.85 | \$6.05 | \$63,434 | 3.0 | 29.3 | 434.8 | 5.5 |
| 2046 | 48,589 | 117 | 72.5 | 24.0 | 86 | \$1.90 | \$6.21 | \$63,987 | 2.9 | 29.3 | 443.4 | 5.5 |
| 2047 | 48,441 | 116 | 72.7 | 24.1 | 86 | \$1.95 | \$6.37 | \$64,542 | 2.9 | 29.4 | 452.4 | 5.5 |
| 2048 | 48,292 | 115 | 73.1 | 24.1 | 85 | \$2.00 | \$6.55 | \$65,121 | 2.9 | 29.4 | 461.7 | 5.5 |
| 2049 | 48,142 | 113 | 73.4 | 24.2 | 85 | \$2.05 | \$6.72 | \$65,727 | 2.9 | 29.4 | 471.1 | 5.5 |
| 2050 | 47,989 | 112 | 73.8 | 24.3 | 84 | \$2.10 | \$6.91 | \$66,357 | 2.9 | 29.4 | 480.8 | 5.5 |

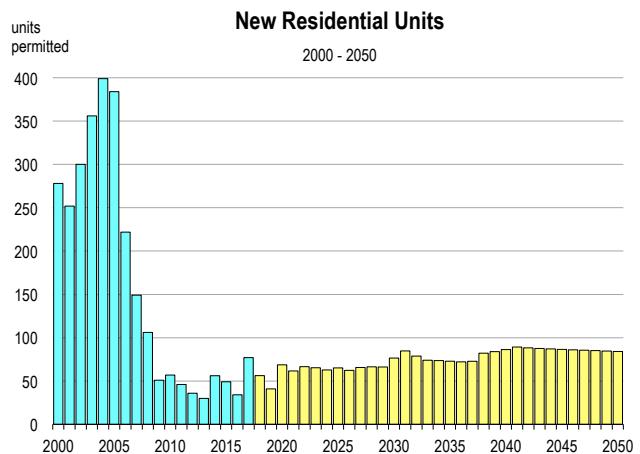
Population Growth

2000 - 2050



New Residential Units

2000 - 2050



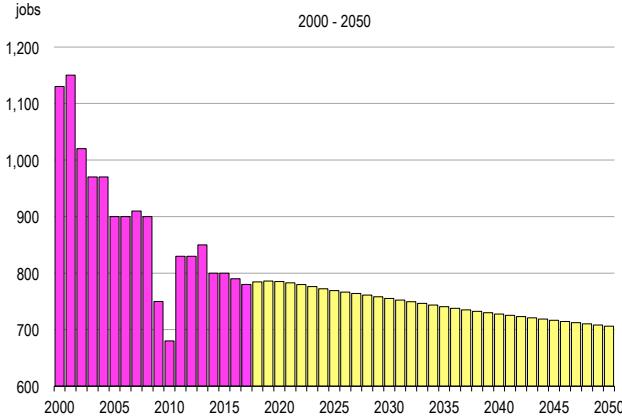
Tuolumne County Employment Forecast

2010-2017 History, 2018-2050 Forecast

| | Total Wage & Salary | Farm | Construction | Manufacturing | Transportation & Utilities | Wholesale & Retail Trade | Financial Activities | Professional Services | Information | Health & Education | Leisure | Government |
|------|--------------------------------|------|--------------|---------------|----------------------------|--------------------------|----------------------|-----------------------|-------------|--------------------|---------|------------|
| | employment (thousands of jobs) | | | | | | | | | | | |
| 2010 | 16.05 | 0.06 | 0.54 | 0.68 | 0.18 | 2.16 | 0.52 | 0.93 | 0.24 | 2.88 | 2.04 | 5.31 |
| 2011 | 16.31 | 0.06 | 0.51 | 0.83 | 0.19 | 2.23 | 0.51 | 0.93 | 0.21 | 3.02 | 2.06 | 5.17 |
| 2012 | 16.31 | 0.05 | 0.51 | 0.83 | 0.21 | 2.28 | 0.52 | 0.93 | 0.21 | 2.98 | 1.98 | 5.23 |
| 2013 | 16.48 | 0.05 | 0.49 | 0.85 | 0.22 | 2.30 | 0.55 | 0.92 | 0.21 | 2.94 | 2.13 | 5.22 |
| 2014 | 16.92 | 0.06 | 0.51 | 0.80 | 0.23 | 2.46 | 0.54 | 0.90 | 0.22 | 3.00 | 2.16 | 5.40 |
| 2015 | 17.36 | 0.06 | 0.57 | 0.80 | 0.24 | 2.67 | 0.51 | 0.94 | 0.21 | 3.07 | 2.15 | 5.45 |
| 2016 | 17.80 | 0.07 | 0.64 | 0.79 | 0.25 | 2.63 | 0.49 | 1.03 | 0.21 | 3.08 | 2.32 | 5.57 |
| 2017 | 17.87 | 0.08 | 0.64 | 0.78 | 0.21 | 2.54 | 0.48 | 1.07 | 0.20 | 3.11 | 2.51 | 5.51 |
| 2018 | 18.02 | 0.08 | 0.65 | 0.78 | 0.22 | 2.55 | 0.48 | 1.07 | 0.20 | 3.11 | 2.52 | 5.60 |
| 2019 | 18.13 | 0.08 | 0.62 | 0.79 | 0.23 | 2.56 | 0.48 | 1.08 | 0.21 | 3.10 | 2.54 | 5.69 |
| 2020 | 18.22 | 0.08 | 0.63 | 0.79 | 0.22 | 2.58 | 0.48 | 1.08 | 0.21 | 3.10 | 2.55 | 5.75 |
| 2021 | 18.27 | 0.08 | 0.63 | 0.78 | 0.23 | 2.59 | 0.48 | 1.08 | 0.21 | 3.09 | 2.56 | 5.80 |
| 2022 | 18.32 | 0.08 | 0.63 | 0.78 | 0.22 | 2.60 | 0.48 | 1.08 | 0.21 | 3.10 | 2.56 | 5.82 |
| 2023 | 18.37 | 0.08 | 0.63 | 0.78 | 0.22 | 2.61 | 0.47 | 1.08 | 0.21 | 3.10 | 2.57 | 5.85 |
| 2024 | 18.43 | 0.08 | 0.62 | 0.77 | 0.22 | 2.62 | 0.47 | 1.08 | 0.21 | 3.11 | 2.58 | 5.90 |
| 2025 | 18.52 | 0.08 | 0.63 | 0.77 | 0.22 | 2.63 | 0.46 | 1.08 | 0.21 | 3.12 | 2.59 | 5.96 |
| 2026 | 18.59 | 0.08 | 0.62 | 0.77 | 0.22 | 2.64 | 0.46 | 1.09 | 0.21 | 3.13 | 2.59 | 6.01 |
| 2027 | 18.66 | 0.08 | 0.63 | 0.76 | 0.22 | 2.66 | 0.46 | 1.09 | 0.21 | 3.14 | 2.60 | 6.06 |
| 2028 | 18.71 | 0.08 | 0.63 | 0.76 | 0.22 | 2.66 | 0.45 | 1.09 | 0.21 | 3.15 | 2.60 | 6.09 |
| 2029 | 18.75 | 0.08 | 0.63 | 0.76 | 0.22 | 2.67 | 0.44 | 1.09 | 0.21 | 3.15 | 2.61 | 6.12 |
| 2030 | 18.80 | 0.08 | 0.63 | 0.76 | 0.22 | 2.68 | 0.44 | 1.10 | 0.21 | 3.16 | 2.61 | 6.15 |
| 2031 | 18.85 | 0.08 | 0.64 | 0.75 | 0.22 | 2.69 | 0.43 | 1.10 | 0.21 | 3.16 | 2.61 | 6.18 |
| 2032 | 18.89 | 0.08 | 0.63 | 0.75 | 0.22 | 2.70 | 0.42 | 1.10 | 0.21 | 3.17 | 2.61 | 6.22 |
| 2033 | 18.92 | 0.08 | 0.63 | 0.75 | 0.21 | 2.71 | 0.42 | 1.10 | 0.21 | 3.17 | 2.62 | 6.25 |
| 2034 | 18.96 | 0.08 | 0.63 | 0.74 | 0.21 | 2.72 | 0.41 | 1.10 | 0.21 | 3.17 | 2.62 | 6.28 |
| 2035 | 19.00 | 0.08 | 0.63 | 0.74 | 0.21 | 2.73 | 0.40 | 1.10 | 0.21 | 3.18 | 2.62 | 6.31 |
| 2036 | 19.04 | 0.08 | 0.63 | 0.74 | 0.21 | 2.73 | 0.40 | 1.10 | 0.21 | 3.19 | 2.63 | 6.34 |
| 2037 | 19.08 | 0.08 | 0.63 | 0.74 | 0.21 | 2.74 | 0.39 | 1.10 | 0.21 | 3.21 | 2.63 | 6.37 |
| 2038 | 19.14 | 0.08 | 0.64 | 0.73 | 0.22 | 2.74 | 0.38 | 1.11 | 0.21 | 3.22 | 2.63 | 6.40 |
| 2039 | 19.18 | 0.08 | 0.64 | 0.73 | 0.22 | 2.75 | 0.38 | 1.11 | 0.21 | 3.23 | 2.63 | 6.43 |
| 2040 | 19.22 | 0.08 | 0.64 | 0.73 | 0.22 | 2.75 | 0.37 | 1.11 | 0.21 | 3.24 | 2.64 | 6.46 |
| 2041 | 19.27 | 0.08 | 0.64 | 0.73 | 0.22 | 2.75 | 0.37 | 1.11 | 0.21 | 3.25 | 2.64 | 6.49 |
| 2042 | 19.32 | 0.08 | 0.64 | 0.72 | 0.22 | 2.76 | 0.36 | 1.11 | 0.21 | 3.26 | 2.64 | 6.53 |
| 2043 | 19.37 | 0.08 | 0.64 | 0.72 | 0.22 | 2.76 | 0.36 | 1.11 | 0.21 | 3.26 | 2.65 | 6.57 |
| 2044 | 19.41 | 0.08 | 0.64 | 0.72 | 0.23 | 2.77 | 0.35 | 1.11 | 0.21 | 3.26 | 2.65 | 6.60 |
| 2045 | 19.44 | 0.08 | 0.64 | 0.72 | 0.23 | 2.77 | 0.35 | 1.12 | 0.21 | 3.26 | 2.65 | 6.64 |
| 2046 | 19.48 | 0.08 | 0.64 | 0.71 | 0.23 | 2.77 | 0.34 | 1.12 | 0.21 | 3.26 | 2.65 | 6.68 |
| 2047 | 19.51 | 0.08 | 0.64 | 0.71 | 0.23 | 2.78 | 0.34 | 1.12 | 0.21 | 3.26 | 2.66 | 6.71 |
| 2048 | 19.55 | 0.08 | 0.64 | 0.71 | 0.23 | 2.78 | 0.33 | 1.12 | 0.21 | 3.26 | 2.66 | 6.75 |
| 2049 | 19.60 | 0.08 | 0.64 | 0.71 | 0.23 | 2.79 | 0.33 | 1.12 | 0.21 | 3.26 | 2.66 | 6.78 |
| 2050 | 19.64 | 0.08 | 0.64 | 0.71 | 0.24 | 2.79 | 0.32 | 1.12 | 0.21 | 3.27 | 2.67 | 6.82 |

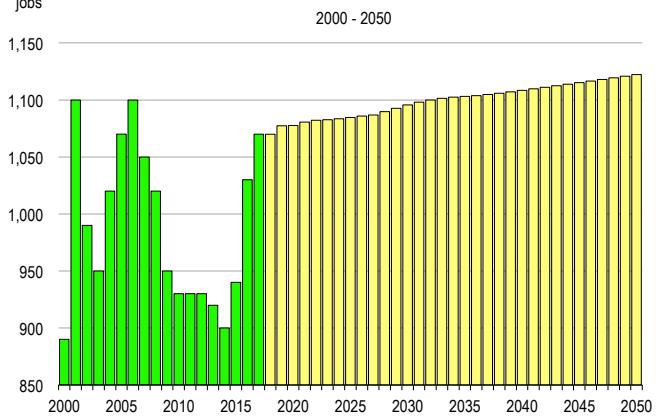
Manufacturing Employment

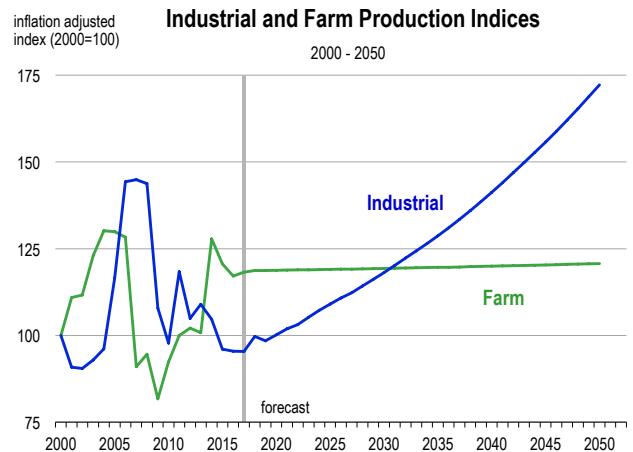
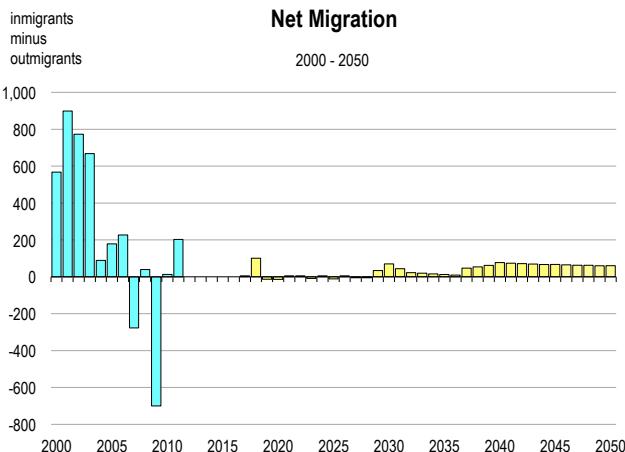
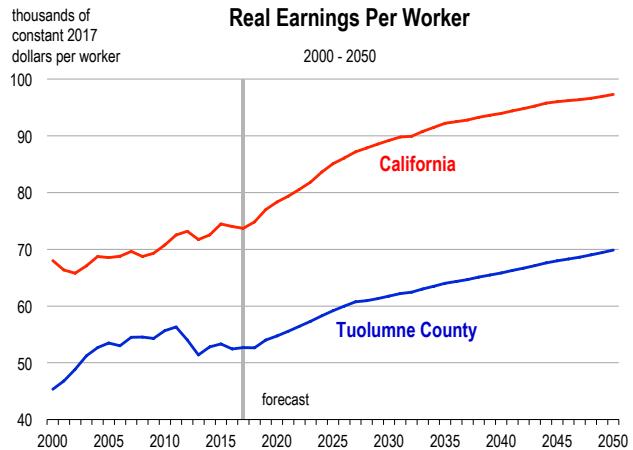
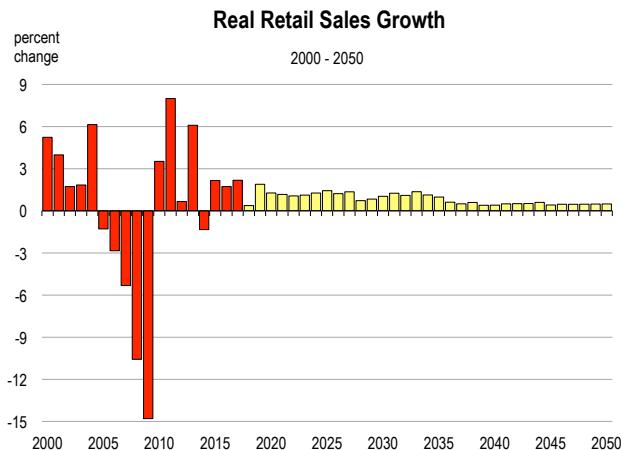
2000 - 2050



Employment in Professional Services

2000 - 2050





County Economic and Demographic Indicators

Projected Economic Growth (2018-2023)

| | |
|----------------------------------|------------|
| Expected retail sales growth: | 6.7% |
| Expected job growth: | 1.9% |
| Fastest growing jobs sector: | Government |
| Expected personal income growth: | 7.1% |

| | |
|--|-------|
| Expected population growth: | -2.1% |
| Net migration to account for: | N/A |
| Expected growth in number of vehicles: | -2.3% |

Demographics (2018)

| | |
|---|-------|
| Unemployment rate (April 2018): | 4.6% |
| County rank* in California (58 counties): | 30th |
| Working age (16-64) population: | 59.8% |

| | |
|--|-----------|
| Population with B.A. degree or higher: | 20.5% |
| Median home selling price (2017): | \$255,000 |
| Median household income: | \$55,929 |

Quality of Life

| | |
|---|-------------------------|
| Violent crime rate (2016): | 262 per 100,000 persons |
| County rank* in California (58 counties): | 12th |
| Average commute time to work (2018): | 26 minutes |

| | |
|--|------|
| High School drop out rate (2017): | 5.9% |
| Households at/below poverty line (2018): | 9.8% |

* The county ranked 1st corresponds to the lowest rate in California